Employee Claims Written Off

The Payroll Branch frequently receives questions regarding claims that are written off and charged back to an agency. Claims are generated when there has been a subsequent change in pay for an individual. These typically come from changes in timesheets but can also occur when a “withdraw” or “leave without pay” action is processed retroactively. A new type of Claim write-off has recently begun for individuals who have employee retirement deductions in arrears.

Many of the questions received by the Personnel Cabinet Payroll Branch are related to determining what triggered the claim to be generated. The following will provide information on how to research a claim.

Claims Generated by a Correction in Pay:
In order to determine what change occurred that triggered a claim, you need to determine when the claim was generated. We’ll use the following example of a claim written off:

Pernr	Wage Type	Amount
999999	7051	58.89
999999	7056	(2.94)

Look at the payroll results for the current period. If the claim was listed, go back to the previous period. If the claim was there, go back one more period. Continue this process until you locate the period in which the claim did not exist. You will want to use the period in which the claim first appeared to begin your research. As an example, for our sample Pernr above, a review of the payroll results for period 12.2014 reveals that the claim was listed. If you look back to period 11.2014, the claim was listed. If you look back one more period to 10.2014 the claim is not listed. By performing this review, you have determined that the claim was generated in period 11.2014.

Run a payroll journal using variant 00_PY-RETRO for period 11.2014. Scroll back through the retroactive periods until you find negative earnings from period 09.2014. Look at the payroll results and compare the revised period 09.2014 results to the original 09.2014 results. For our example, let’s assume that in the original period 09 results, the employee was paid 3.75 hours of holiday pay and the revised period 09 results is missing the holiday pay. (This would have been the Good Friday holiday). This tells you that something happened to remove that holiday pay from the employee. A quick look at the actions reveals that a PAN was entered placing this individual on leave without pay that was retroactive to 03/28/2014, a date prior to the holiday pay. When payroll runs through, it determines that the holiday pay should not have been processed and sets up a claim for the gross amount.

The amount in wage type 7056 represents any pre-tax deductions that would have been netted out against that claim. In this case, it represents the reversal of the retirement contributions (58.89 * 5%). Sometimes there can be refunds of medical insurance that are netted against the claim where DEI has terminated their benefits.

Claims are not written off for employees who are in an active or inactive status. In our sample case, the employee with the claim wouldn’t be written off except they never returned from their leave without pay and a subsequent action was processed to terminate them. This action triggered the claim to be written off. Claims may be generated by the accumulation of overpayments across multiple periods.

<u>Claims Generated by a Retirement Arrears</u>:

For write-offs of retirement deductions in arrears, the best approach is to go back through the payroll results looking at the arrears table. Let's assume the following retirement arrearage has been written off:

Pernr	Wage Type	Amount
888888	7051	126.57

Starting with the most recent payroll results, review the arrears table to determine if this period contains a retirement arrears. Keep working backward until you find the period when the arrears was initially generated. In our example above, an action was processed that reset the employees retirement wage type on infotype 0014 from a post 2008 retirement to regular retirement. Most likely a notice from KRS would have triggered someone to change the wage types retroactively and in this case, collect the extra 1%. If the employee had already been terminated, they would have retroed back in the system to correct the KRS interface, but there was no pay to collect the money from the employee resulting in the retirement arrears being generated.